PLAZA ENTERTAINMENT, INC.

Producer and Distributor of Quality Family Programming

September 21, 1998

Mr. Jack Napor, President
WRS FILM & VIDEO LABS, INC.
1000 Napor Blvd.
Pittsburgh, PA 15211

cc: Joe Gerek (WRS)
Tom Gehring (Plaza)
Charles von Bernuth (Plaza)

RE: PLAZA - WRS ACCOUNTS RECEIVABLE VENTURE

Dear Jack:

Thank you for taking the time to meet with myself, Tom Gehring and Charles von Bernuth last Thursday evening to discuss the status of Plaza's balance with WRS and a structure to facilitate our current and upcoming duplication needs. We are fully supportive of the proposed structure of WRS handling Plaza's Accounts Receivable administration, and feel that this plan offers the fastest and safest mechanism for both of our companies to grow together. Certainly, WRS's existing internal operations for billing, collecting and credit are qualities non-existent at Plaza, and the removal of these duties will enable our efforts to be focused on sales and marketing. The net result for both WRS and Plaza will be greater sales, greater duplication volume, faster billings, faster collections, and (of course), nearly instantaneous access to capital for both companies.

The purpose of this letter is to outline some suggested operational and deal points in the hope that we can expedite a formal agreement and this new structure prior to the end of this week (Sept. 25). Please review the structural concepts below, and get back to me with your thoughts, comments, or required modifications:

1). CREATION OF D.B.A. "CREDIT & COLLECTIONS COMPANY" -- Working under the direction and advisement of WRS, Plaza's counsel will form a new entity (to be jointly held by Plaza and WRS?), which company shall become the immediate beneficiary (via an assignment) to all of Plaza's current and upcoming Video Accounts Receivable. This NEWCO shall establish a banking account and relationship with the National Bank of Canada (WRS's existing credit lender), including a collections "lock-box account."

2). WRS TO INVOICE PLAZA SHIPMENTS -- As a further extension to the existing services provided by WRS to Plaza, effective Oct. 1, 1999, all *invoicing* of Plaza's video sales shall be handled by WRS Labs in Pittsburgh. The invoices will each contain information indicating that the program supplier is Plaza Entertainment, Inc., but that NEWCO is the authorized credit and collections company, and that all payments should be sent to the lock-box account (we need to determine if customer payment checks would be made payable to "Plaza", "NEWCO", either or both entities).

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EXHIBIT 10

3). SERVICE COSTS -- WRS shall engage the services of a full-time bookkeeper to work at WRS's corporate facility in Pittsburgh, at Plaza's sole expense. This individual will be responsible for all physical creation of invoices, mailing of invoices, receipt and processing of credit memos (including payments, price adjustments, returns for defective or unsold merchandise, or authorized advertising deductions), and the creation of monthly customer "statements" and other standard reports. This person (or persons) will also make telephone calls to customers on behalf of NEWCO soliciting the collection of accounts receivable. Plaza shall be solely responsible for all salary, taxes or other benefits paid to this person or persons (to be pre-approved in writing prior to WRS's actual hiring). A separate computer, telephone lines and general fixtures will be provided at Plaza's sole expense. Additionally, WRS shall be entitled to bill Plaza for an administrative service fee of one-thousand-dollars (USD $1,000.00) per month to cover space, supervisory time and incidental costs. Ideally, this bookkeeper will be employed by NEWCO -- and as such, this individual would have equal reporting requirements to both Plaza and WRS (as joint owners in NEWCO).

4). CREDIT ACCOMODATION / DIVISION OF REVENUES -- WRS shall initiate a new venture, or shall allocate a portion of WRS's existing accounts receivable credit facility from National Bank of Canada to NEWCO for the purpose of providing liquidity to NEWCO's receivables. From 100% of the acceptable receivables, an "eligibility" of seventy percent (70%) shall be sought, with WRS to be the immediate recipient of twenty percent (20%) and Plaza the recipient of fifty percent (50%). When each invoice is paid, the overage (from the withheld eligibility of 30%) shall first be paid to retire any balances owed to WRS, if any -- remaining funds will be paid to Plaza. In the event of bad debt or invoices being paid for any reason at a rate below the draw-down of seventy percent (70%), then any required corrections would be made from Plaza's share of revenues (not WRS's). A chart of this structure is attached, with an example of the disbursement from a representative sale.

5). FACILITY NEEDS -- In order for Plaza to retire the current (overdue) WRS bill of approximately $500,000, and still have sufficient capital for its other payables and ongoing operations, we suggest that a credit availability of one-million dollars (USD $1,000,000) collateralized against the NEWCO receivable should be established or allocated. At this time, Plaza has slightly more than two-million dollars (USD $2,000,000) in video accounts receivable, and is anticipating the addition of $2-million *more* in new sales to be realized within the next four weeks (primarily from new release orders of the Jack Palance film, "Ebenezer Scrooge"). Orders in December for the Jan. 12 release of "Puss In Boots" should add another $2.5-million in new orders. An ideal structure would enable NEWCO to draw down on 70% of A/R up to a maximum availability of *USD $2.5-million*. This level of facility would provide WRS and Plaza with working capital while offering the bank a substantial dilution rate for collateral protection. A detailed CASH FLOW Chart will be sent later today (Sept. 21) or tomorrow upon completion, describing the suggested use of proceeds from such a facility to meet Plaza's obligations and goals.

6). WRS SERVICE FEE -- In the event that the credit facility is provided through an allocation of credit already established for WRS (instead of a "new" facility for NEWCO), then WRS would be entitled to a service accommodation fee of one percent (1%) of all gross sales video sales assigned to NEWCO.

7). OTHER DETAILS / OTHER CREDITORS -- Plaza is confident that any possible liens or encumbrances to the implementation of this venture can be removed (namely, Central Video, via a payment schedule, and the written approval of the already received verbal support from current and former Plaza shareholders / note-holders). Plaza will work diligently to assist in the presentation or any requisite financial information, securities, guarantees or additional collateral as may be customarily required by National Bank of Canada in order to allocate credit or establish a new facility for NEWCO.

They say that hindsight is twenty-twenty. That's certainly clear now, as such a structure was originally suggested by WRS to myself and former Plaza Chairman Gordon Granger nearly two years ago. Had we done it then, each of our companies would right now be the beneficiary of several millions of dollars of added business... sales that Plaza was NOT properly capitalized to capture simply due to poor internal operations and the resultant poor cash flow. The Plaza sales department feels our projection of 2.5-million video units for 1999 is conservative. Perhaps they are right... I certainly hope so -- but achievement of even this modest level would provide WRS with over $5-million in sales next year. If any of the fifteen new titles or six major promotions achieves notable success in the range of some of our prior achievements (such as the 1.8-million units for "Little Nemo" a few years back on it's first release), then the numbers become very attractive for NEWCO, WRS and Plaza.

We thank you for your support of Plaza and your suggestion of an Accounts Receivable venture together. Please get back to me at your earliest convenience so that we can set aside these financial obstacles and get back to the business of SELLING and MANUFACTURING videocassettes! A copy of this letter is being sent simultaneously to my two partners, Charles and Tom. It is possible that either of them may have additional commentary for later consideration; however, this letter is consistent with my understanding of the venture and the principal points of my subsequent discussion with Charles and Tom following our dinner last week. I look forward to hearing from you.

Sincerely,

Eric Parkinson,
President / C.E.O.

PLAZA
ENTERTAINMENT, INC.

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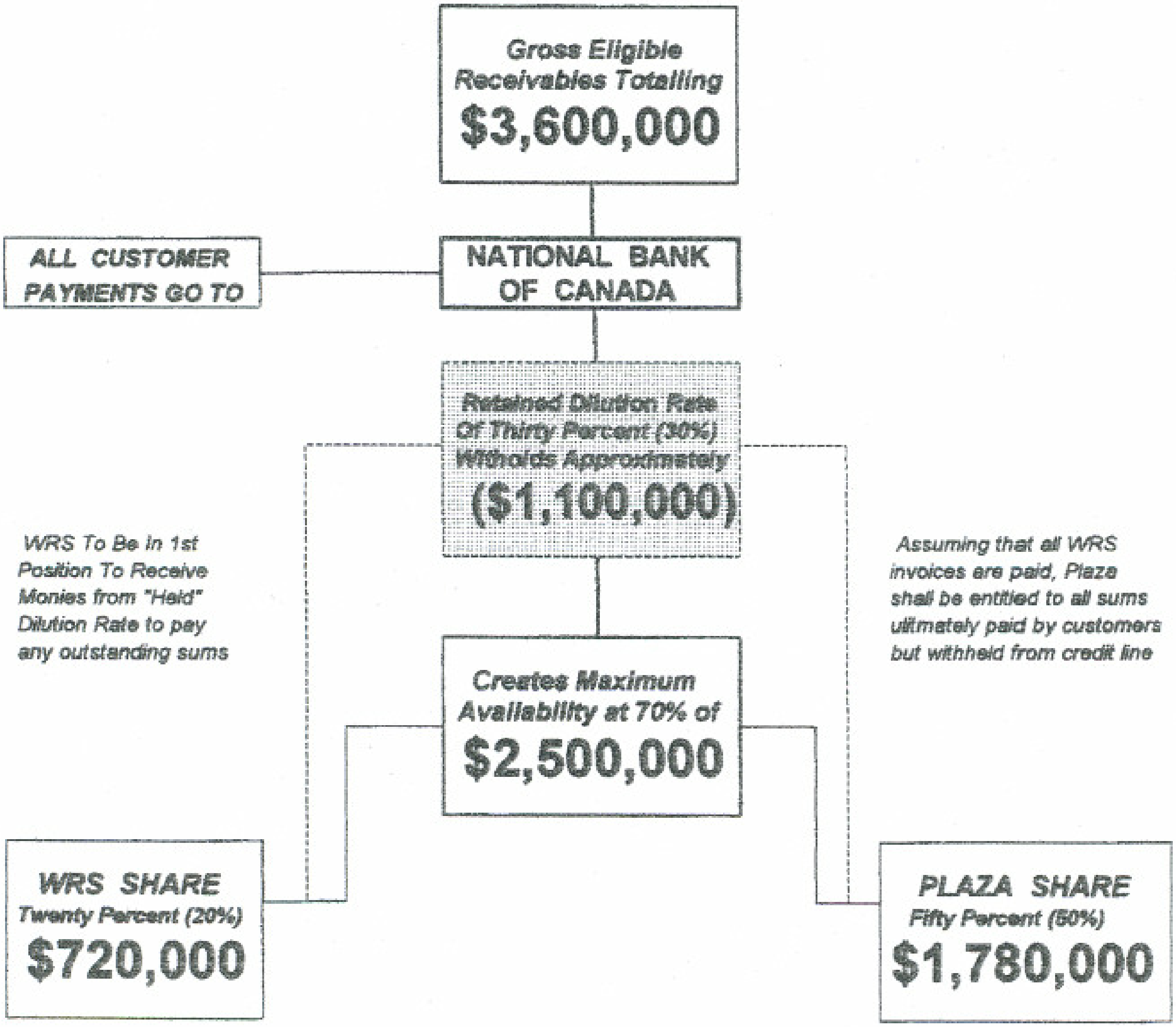
Proposed WRS / PLAZA Accounts Receivable Venture


Gross Eligible Receivables Totalling $3,600,000
ALL CUSTOMER PAYMENTS GO TO
NATIONAL BANK OF CANADA
Retained Dilution Rate Of Thirty Percent (30%) Withholds Approximately ($1,100,000)
WRS To Be In 1st Position To Receive Monies from "Held" Dilution Rate to pay any outstanding sums
Assuming that all WRS invoices are paid, Plaza shall be entitled to all sums ultimately paid by customers but withheld from credit line
Creates Maximum Availability at 70% of $2,500,000
WRS SHARE Twenty Percent (20%) $720,000
PLAZA SHARE Fifty Percent (50%) $1,780,000

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